

REGISTERED NUMBER: 04459633 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
FOR
LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED**

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**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER 04459633)**

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FOR THE YEAR ENDED 31 DECEMBER 2010**

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**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010**

DIRECTORS:

C Taylor
C Carter

REGISTERED OFFICE:

2nd Floor
118-119 Fenchurch Street
London
EC3M 5BA

REGISTERED NUMBER:

04459633 (England and Wales)

AUDITORS.

Marriott Gibbs Rees Wallis
Chartered Certified Accountants
Statutory Auditors
13 - 17 Paradise Square
Sheffield
South Yorkshire
S1 2DE

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER 04459633)**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors present their report with the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of supply of insurance products and legal services, both for conveyancing and litigation

REVIEW OF BUSINESS

2010 saw very difficult trading conditions continue in London & European's core market places. That said, during the period the business strived to find new sources of income and to diversify its products and services

This generated some success with the company managing to increase turnover by £205,616 (23%)

During the accounting period the management continued to pay close attention to the company expenses and managed to make further reductions, the most significant of which came from an office move in April 2010, the full benefit of which will be felt in the coming years

Remuneration of directors and officers was cut further to aid the rebuilding of the business and that of the company's employees remained static

Overall the trading losses of the business were reduced by 42% to £449,754 which exceeded expectations, if you discount the exceptional income and loan write offs created by the MBO which took place in April 2009

London & European Title Insurance Services Limited continued to trade throughout the period without the need for bank debt or overdrafts

The directors were encouraged by the 2010 performance and expect further improvements in 2011

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

C Taylor

C Carter

CHARITABLE CONTRIBUTIONS

The company paid charitable donations of £200 (2009 £50) during the year

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

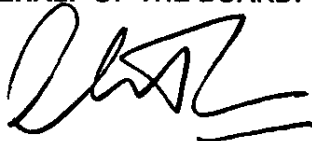
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Marriott Gibbs Rees Wallis were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

ON BEHALF OF THE BOARD:



C Taylor - Director

25 January 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED

We have audited the financial statements of London & European Title Insurance Services Limited for the year ended 31 December 2010 on pages six to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



David John Marriott FCCA (Senior Statutory Auditor)
for and on behalf of Marriott Gibbs Rees Wallis
Chartered Certified Accountants
Statutory Auditors
13 - 17 Paradise Square
Sheffield
South Yorkshire
S1 2DE

25 January 2012

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
TURNOVER	2	1,069,399	863,783
Cost of sales		216,718	139,673
GROSS PROFIT		852,681	724,110
Administrative expenses		1,309,390	1,502,057
		(456,709)	(777,947)
Other operating income		5,658	1,282,934
OPERATING (LOSS)/PROFIT	4	(451,051)	504,987
Interest receivable and similar income	5	1,297	15,206
		(449,754)	520,193
Interest payable and similar charges	6	-	6,300
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(449,754)	513,893
Tax on (loss)/profit on ordinary activities	7	-	(34,633)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(449,754)	548,526

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**BALANCE SHEET
31 DECEMBER 2010**

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	213,626	398,580
CURRENT ASSETS			
Debtors	10	163,838	174,379
Cash at bank and in hand		467,624	1,954,026
		631,462	2,128,405
CREDITORS			
Amounts falling due within one year	11	635,590	1,883,795
NET CURRENT (LIABILITIES)/ASSETS		(4,128)	244,610
TOTAL ASSETS LESS CURRENT LIABILITIES		209,498	643,190
CREDITORS			
Amounts falling due after more than one year	12	16,042	-
NET ASSETS		193,456	643,190
CAPITAL AND RESERVES			
Called up share capital	14	702,273	702,253
Profit and loss account	15	(508,817)	(59,063)
SHAREHOLDERS' FUNDS	19	193,456	643,190

The financial statements were approved by the Board of Directors on 25 January 2012 and were signed on its behalf by



C Taylor - Director

The notes on pages 8 to 14 form part of these financial statements

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are held within the group

Turnover

Turnover includes commission due on premiums written on behalf of accepting insurers and fees receivable from clients in respect of conveyancing and related services. The gross value of the premiums written in year was £870,740 (2009 £1,206,921)

Tangible fixed assets

Tangible fixed assets are included at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its estimated useful economic life or, if held under a finance lease, over the lease term, whichever is the shorter

Depreciation rates are as follows

Computer equipment	- 33 33% Straight line to 28 February 2010 then 20% straight line
Fixtures, fittings and equipment	- 20% Straight line

During the year the company re-evaluated the economic useful life of its computer equipment and software. Based on actual experience of replacements and obsolescence it was decided that the basis for the depreciation charge should be changed so that the cost of computer equipment and software was written off over five years. Consequently, the depreciation charge for the current year was reduced by £67,783 leading to an increase on profit before taxation and net assets of the same amount

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

1 ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 STAFF COSTS

	2010 £	2009 £
Wages and salaries	438,569	770,643
Social security costs	46,546	121,059
Other pension costs	-	39,790
	<u>485,115</u>	<u>931,492</u>

The average monthly number of employees during the year was as follows

	2010	2009
Management	1	1
Administration	11	7
	<u>12</u>	<u>8</u>

4 OPERATING (LOSS)/PROFIT

The operating loss (2009 - operating profit) is stated after charging/(crediting)

	2010 £	2009 £
Other operating leases	6,052	11,634
Depreciation - owned assets	187,006	238,271
Auditors' remuneration	5,000	7,700
Foreign exchange differences	563	(11,201)
Group loan forgiven	-	(1,202,745)
	<u></u>	<u></u>

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

4 OPERATING (LOSS)/PROFIT - continued

Directors' remuneration	17,499	129,490
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5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£	£
Bank interest	1,297	4,337
Interest on tax refund	-	10,869
	<u>1,297</u>	<u>15,206</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank interest	-	508
Interest on amounts owed to group companies	-	5,792
	<u>-</u>	<u>6,300</u>

7 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	2010	2009
	£	£
Current tax		
(Over)/Underprovision in respect of earlier years	-	(34,633)
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>(34,633)</u>

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

7 TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	<u>(449,754)</u>	<u>513,893</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28.500%)	(125,931)	146,460
Effects of:		
Non deductible expenses	5,286	10,568
Depreciation	52,361	67,907
Capital allowances	(23,255)	(43,107)
Increase in tax losses	67,373	154,798
Adjustments to previous periods	-	(34,633)
Losses surrendered to parent company	24,166	6,156
Inter-company loan forgiven	-	(342,782)
Current tax credit	<u>-</u>	<u>(34,633)</u>

Factors that may affect future tax charges

The company has estimated losses of £831,827 (2009: £603,877) available to carry forward against future trading profits.

8 DIVIDENDS

	2010 £	2009 £
Ordinary shares of £1 each		
Interim	<u>-</u>	<u>187,294</u>

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

9 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures, fittings and equipment £	Totals £
COST			
At 1 January 2010	752,870	246,303	999,173
Additions	2,052	-	2,052
At 31 December 2010	754,922	246,303	1,001,225
DEPRECIATION			
At 1 January 2010	410,296	190,297	600,593
Charge for year	138,618	48,388	187,006
At 31 December 2010	548,914	238,685	787,599
NET BOOK VALUE			
At 31 December 2010	206,008	7,618	213,626
At 31 December 2009	342,574	56,006	398,580

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	140,219	110,921
Amounts owed by group undertakings	-	99
Other debtors	5,061	10,561
Prepayments and accrued income	18,558	52,798
	163,838	174,379

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	541,907	1,802,597
Amounts owed to group undertakings	10,698	-
Other taxes and social security	35,575	17,583
VAT	2,973	-
Other creditors	36,938	-
Accruals and deferred income	7,499	63,615
	635,590	1,883,795

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010 £	2009 £
Other creditors	16,042	-

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2010 £	2009 £	2010 £	2009 £
Expiring				
Within one year	-	54,000	3,400	3,500
Between one and five years	5,805	-	680	9,076
In more than five years	-	-	-	17,977
	<u>5,805</u>	<u>54,000</u>	<u>4,080</u>	<u>30,553</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2010 £	2009 £
702,273	Ordinary		<u>702,273</u>	<u>702,253</u>

15 RESERVES

	Profit and loss account £
At 1 January 2010	(59,063)
Deficit for the year	<u>(449,754)</u>
At 31 December 2010	<u>(508,817)</u>

16 ULTIMATE PARENT COMPANY

The company's parent undertaking is L & E Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. L & E Holdings Limited is controlled by C Taylor.

17 CONTINGENT LIABILITIES

During the year, the company terminated various photocopier leases due to irregularities in the relevant contracts. Consequently, the lessor has made a claim of £78,082 against the company which has not been recognised in these financial statements. The company disputes this claim and will defend its position in court.

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2010**

18 RELATED PARTY DISCLOSURES

During the year the company paid management fees of £86,400 (2009 £21,600) to its parent company L & E Holdings Limited. At the balance sheet date £10,698 was owed to (2009 £99 was owed by) L & E Holdings Limited.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
(Loss)/Profit for the financial year	(449,754)	548,526
Dividends	-	(187,294)
	<hr/>	<hr/>
	(449,754)	361,232
Redesignation of preference shares as ordinary shares	20	98,298
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(449,734)	459,530
Opening shareholders' funds	643,190	183,660
	<hr/>	<hr/>
Closing shareholders' funds	193,456	643,190
	<hr/>	<hr/>